Abu Dhabi Commercial Bank PJSC

Review report and condensed consolidated interim financial information for the three month period ended March 31, 2024

بنك أبوظبي التجاري
ADCB

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ABU DHABI COMMERCIAL BANK PJSC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Commercial Bank PJSC (the "Bank") and its subsidiaries (together referred to as the "Group") as at 31 March 2024, and the related condensed consolidated interim income statement, condensed consolidated statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three-month period then ended and a summary of significant accounting policy and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The Group's consolidated financial statements for the year ended 31 December 2023 and interim financial information for the three-month period ended 31 March 2023 were audited and reviewed respectively by another auditor who expressed an unmodified opinion and unmodified conclusion on those statements and that information on 31 January 2024 and 17 April 2023, respectively.

Deloitte & Touche (M.E.)

Muhammad Khamees Al Tah
Registration No. 717
25 April 2024
Abu Dhabi
United Arab Emirates

Condensed consolidated interim statement of financial position

As at March 31, 2024

	Notes	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Assets			
Cash and balances with central banks, net	4	36,365,326	45,375,462
Deposits and balances due from banks, net	5	45,507,785	37,624,694
Financial assets at fair value through profit or loss	6	10,479,910	10,063,020
Derivative financial instruments	7	15,983,458	13,859,086
Investment securities, net	8	132,383,646	128,268,397
Loans and advances to customers, net	9	318,158,540	301,994,599
Investment in associates		372,838	370,622
Investment properties	11	1,705,115	1,741,460
Other assets, net	12	24,642,639	18,960,358
Property and equipment, net		1,792,598	1,887,596
Intangible assets, net		7,013,151	7,049,191
Total assets		**594,405,006**	**567,194,485**
Liabilities			
Due to banks	13	10,318,403	8,794,968
Derivative financial instruments	7	18,686,822	16,239,495
Deposits from customers	14	383,695,390	362,905,039
Euro commercial paper	15	5,174,254	7,777,655
Borrowings	16	78,029,447	76,653,334
Other liabilities	17	29,820,131	23,570,527
Total liabilities		**525,724,447**	**495,941,018**
Equity			
Share capital	18	7,319,947	7,319,947
Share premium		17,878,882	17,878,882
Other reserves	19	10,224,658	10,591,907
Retained earnings		24,496,910	26,701,111
Capital notes	20	8,754,750	8,754,750
Equity attributable to equity holders of the Bank		**68,675,147**	**71,246,597**
Non-controlling interests		5,412	6,870
Total equity		**68,680,559**	**71,253,467**
Total liabilities and equity		**594,405,006**	**567,194,485**

This condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on April 25, 2024 and signed on its behalf by:

Khaldoon Khalifa Al Mubarak	**Ala'a Eraiqat**	**Deepak Khullar**
Chairman	*Group Chief Executive Officer*	*Group Chief Financial Officer*

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim income statement (unaudited)
For the three month period ended March 31, 2024

	Notes	3 months ended March 31 2024 AED'000	 2023 AED'000
Interest income	21	**7,362,066**	5,387,121
Interest expense	22	**(4,585,680)**	(3,064,486)
Net interest income		**2,776,386**	2,322,635
Income from Islamic financing and investing products		**847,490**	709,575
Distribution on Islamic deposits and profit paid to sukuk holders		**(322,786)**	(180,884)
Net income from Islamic financing and investing products		**524,704**	528,691
Total net interest income and income from Islamic financing and investing products		**3,301,090**	2,851,326
Net fees and commission income	23	**702,882**	532,595
Net trading income	24	**523,727**	455,444
Other operating income	25	**58,573**	72,645
Operating income		**4,586,272**	3,912,010
Operating expenses	26	**(1,416,976)**	(1,231,187)
Operating profit before impairment charge		**3,169,296**	2,680,823
Impairment charge	27	**(740,610)**	(747,932)
Profit after impairment charge		**2,428,686**	1,932,891
Share in profit of associates		**2,216**	835
Profit before taxation		**2,430,902**	1,933,726
Income tax charge		**(292,091)**	(55,397)
Profit for the period		**2,138,811**	1,878,329
Attributable to:			
Equity holders of the Bank		**2,139,856**	1,878,976
Non-controlling interests		**(1,045)**	(647)
Profit for the period		**2,138,811**	1,878,329
Basic and diluted earnings per share (AED)	28	**0.26**	0.23

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of comprehensive income (unaudited)
For the three month period ended March 31, 2024

	3 months ended March 31	
	2024 AED'000	2023 AED'000
Profit for the period	**2,138,811**	1,878,329
Other comprehensive income		
Items that may be re-classified subsequently to the condensed consolidated interim income statement		
Net movement in foreign currency translation reserve (Note 19)	**(393,594)**	(77,441)
Net movement in cash flow hedge reserve (Note 19)	**91,783**	103,060
Net movement in revaluation reserve of debt instruments designated at FVTOCI (net of tax) (Note 19)	**(101,586)**	(131,174)
	(403,397)	(105,555)
Items that will not be re-classified subsequently to the condensed consolidated interim income statement		
Net movement in revaluation reserve of equity instruments designated at FVTOCI (net of tax) (Note 19)	**18,842**	(13,017)
Other comprehensive loss for the period	**(384,555)**	(118,572)
Total comprehensive income for the period	**1,754,256**	1,759,757
Attributable to:		
Equity holders of the Bank	**1,755,619**	1,760,612
Non-controlling interests	**(1,363)**	(855)
Total comprehensive income for the period	**1,754,256**	1,759,757

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity (unaudited)
For the three month period ended March 31, 2024

	Share capital AED'000	Share premium AED'000	Other reserves AED'000	Retained earnings AED'000	Capital notes AED'000	Equity attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total equity AED'000
As at January 1, 2024	**7,319,947**	**17,878,882**	**10,591,907**	**26,701,111**	**8,754,750**	**71,246,597**	**6,870**	**71,253,467**
Profit/(loss) for the period	**-**	**-**	**-**	**2,139,856**	**-**	**2,139,856**	**(1,045)**	**2,138,811**
Other comprehensive loss for the period (Note 19)	**-**	**-**	**(384,237)**	**-**	**-**	**(384,237)**	**(318)**	**(384,555)**
Other movements	**-**	**-**	**17,052**	**-**	**-**	**17,052**	**-**	**17,052**
Amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI (net of tax) (Note 19)	**-**	**-**	**-**	**(4,030)**	**-**	**(4,030)**	**-**	**(4,030)**
Adjustments arising from changes in non-controlling interests	**-**	**-**	**(64)**	**55**	**-**	**(9)**	**(95)**	**(104)**
Dividends paid to equity holders of the Bank (Note 18)	**-**	**-**	**-**	**(4,099,170)**	**-**	**(4,099,170)**	**-**	**(4,099,170)**
Capital notes coupon paid (Note 28)	**-**	**-**	**-**	**(240,912)**	**-**	**(240,912)**	**-**	**(240,912)**
As at March 31, 2024	**7,319,947**	**17,878,882**	**10,224,658**	**24,496,910**	**8,754,750**	**68,675,147**	**5,412**	**68,680,559**
As at January 1, 2023	6,957,379	17,878,882	7,546,743	23,035,375	6,000,000	61,418,379	7,758	61,426,137
Profit/(loss) for the period	-	-	-	1,878,976	-	1,878,976	(647)	1,878,329
Other comprehensive loss for the period (Note 19)	-	-	(118,364)	-	-	(118,364)	(208)	(118,572)
Other movements	-	-	2,320	4,490	-	6,810	-	6,810
Amounts transferred within equity upon disposal of investments in equity instruments designated at FVTOCI (Note 19)	-	-	-	304	-	304	-	304
Dividends paid to equity holders of the Bank	362,568	-	2,211,663	(3,826,559)	-	(1,252,328)	-	(1,252,328)
Capital notes coupon paid (Note 28)	-	-	-	(173,740)	-	(173,740)	-	(173,740)
As at March 31, 2023	7,319,947	17,878,882	9,642,362	20,918,846	6,000,000	61,760,037	6,903	61,766,940

Following the Annual General Meeting held on March 7, 2024, the shareholders approved the distribution of proposed cash dividend of AED 4,099,170 thousand for the year 2023, being AED 0.56 dividend per share and representing 56% of the paid up share capital (Note 18) (For the year 2022 – cash and stock dividend of AED 3,826,559 thousand, being AED 0.55 dividend per share and representing 55% of the paid up share capital).

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (unaudited)
For the three month period ended March 31, 2024

	3 months ended March 31	
	2024	2023
	AED'000	AED'000
OPERATING ACTIVITIES		
Profit before taxation	**2,430,902**	1,933,726
Adjustments for:		
Depreciation on property and equipment (Note 26)	**88,603**	97,456
Amortisation of intangible assets (Note 26)	**12,673**	23,339
Gross impairment charge	**817,861**	889,503
Share in profit of associates	**(2,216)**	(835)
Discount unwind	**(34,429)**	(54,872)
Net gain/(loss) from disposal of investment securities (Note 25)	**109,139**	(1,683)
Discount amortisation on investment securities	**(233,613)**	(25,419)
Dividend income (Note 25)	**(8,338)**	(9,722)
Gain on sale of property plant and equipments	**(452)**	-
Amortisation and interest capitalised on borrowings and ECPs	**368,174**	308,565
Net gain from financial assets at fair value through profit or loss (Note 24)	**(309,536)**	(178,820)
Ineffective portion of hedges – loss (Note 7)	**7,250**	505
Employees' incentive plan expense (Note 19)	**17,052**	6,810
Cash flows from operating activities before changes in operating assets and liabilities	**3,263,070**	2,988,553
Net movement in due from banks	**(892,994)**	1,335,708
Net movement in derivative financial instruments	**(174,162)**	65,667
Net purchases of financial assets at fair value through profit or loss	**(112,249)**	(3,915,946)
Net movement in loans and advances to customers	**(18,560,610)**	(6,729,855)
Net movement in other assets	**(907,223)**	(481,069)
Net movement in due to banks	**1,517,984**	(1,829,617)
Net movement in deposits from customers	**24,393,008**	3,769,377
Net movement in other liabilities	**1,341,909**	918,829
Net cash from/(used in) operations	**9,868,733**	(3,878,353)
Income tax paid	**(14,121)**	(25,120)
Net cash from/(used in) operating activities	**9,854,612**	(3,903,473)
INVESTING ACTIVITIES		
Net proceeds from redemption/disposal of investment securities	**9,874,533**	16,056,821
Net purchases of investment securities	**(16,653,575)**	(22,501,280)
Dividend received from investment securities (Note 25)	**8,338**	9,722
Disposal of investment properties (Note 11)	**33,108**	-
Net purchases of property and equipment	**(71,508)**	(84,847)
Net cash used in investing activities	**(6,809,104)**	(6,519,584)
FINANCING ACTIVITIES		
Net movement in euro commercial paper	**(2,687,299)**	3,071,898
Net proceeds from borrowings	**23,593,666**	18,761,030
Repayment of borrowings	**(20,514,949)**	(19,007,383)
Payment of lease liabilities	**(15,517)**	(25,030)
Dividends paid to equity holders of the Bank	**(4,099,170)**	-
Acquisition of non-controlling interests	**(104)**	-
Capital notes coupon paid (Note 28)	**(240,912)**	(173,740)
Net cash (used in)/from financing activities	**(3,964,285)**	2,626,775
Effect of exchange rate changes on cash and cash equivalents	**(1,143,745)**	(677,303)
Net decrease in cash and cash equivalents	**(2,062,522)**	(8,473,585)
Cash and cash equivalents at the beginning of the period	**51,837,050**	41,997,271
Cash and cash equivalents at the end of the period	**49,774,528**	33,523,686

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (unaudited) (continued)
For the three month period ended March 31, 2024

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated interim statement of cash flows comprise of following amounts:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Cash and balances with central banks (Note 4)	**36,365,501**	45,375,731
Deposits and balances due from banks (excluding loans and advances to banks) (Note 5)	**16,947,846**	9,434,390
	53,313,347	54,810,121
Less: Cash and balances with central banks and deposits and balances due from banks – with original maturity of more than three months	**(3,538,819)**	(2,973,071)
Total cash and cash equivalents	**49,774,528**	51,837,050

The accompanying notes 1 to 34 form an integral part of this condensed consolidated interim financial information.

1. General information

Abu Dhabi Commercial Bank PJSC ("ADCB" or the "Bank") is a public joint stock company with limited liability incorporated in the emirate of Abu Dhabi, United Arab Emirates (UAE). The Bank and its subsidiaries (together referred to as the "Group") is principally engaged in the business of retail, commercial and Islamic banking and provision of other financial services.

The Group's Islamic banking activities are conducted in accordance with principles of Islamic Shari'ah as interpreted by Internal Shari'ah Supervision Committee ("ISSC") as well as the standards and resolutions issued by the higher Shari'ah authority of UAE Central Bank.

The Bank is listed on the Abu Dhabi Securities Exchange (Ticker: ADCB).

The registered head office of ADCB is at Abu Dhabi Commercial Bank PJSC Head Office Building, Sheikh Zayed Bin Sultan Street, Plot C- 33, Sector E-11, P. O. Box 939, Abu Dhabi, UAE.

2. Summary of material accounting policies

2.1 Basis of preparation

The condensed consolidated interim financial information has been prepared on a going concern basis and in accordance with IAS 34 - Interim Financial Reporting. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards), International Financial Reporting Interpretation Committee (IFRIC) Interpretations and requirements of applicable laws.

The same accounting policies, presentation and methods of computation have been followed in this condensed consolidated interim financial information as were applied in the preparation and presentation of the Group's consolidated financial statements for the year ended December 31, 2023.

Certain disclosure notes/numbers have been reclassified and rearranged from the Group's prior period condensed consolidated interim financial information to conform to the current period's presentation.

The results for the three month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

The condensed consolidated interim financial information is prepared and presented in United Arab Emirates Dirham (AED), which is the Group's functional and presentation currency and is rounded off to the nearest thousand unless otherwise indicated.

The preparation of the condensed consolidated interim financial information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The main areas of judgements, estimates and assumptions applied in this condensed consolidated interim financial information, including the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements of the Group for the year ended December 31, 2023.

2. Summary of material accounting policies (continued)

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 New and revised IFRSs effective for accounting periods beginning on or after January 1, 2024

In the current period, the Group has applied the amendments to IAS 1, IAS 7, IFRS 7 and IFRS 16. The application of these amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements.

Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after January 1, 2024.

2.2.2 Standards and Interpretations in issue but not yet effective

The Group has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Group:	**Effective for annual periods beginning on or after**
Lack of Exchangeability (amendments to IAS 21) - The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	January 1, 2025
Presentation and disclosures in financial statements (IFRS 18) - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	January 1, 2027
Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in associates and joint ventures').	Effective date deferred indefinitely, available for early adoption.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by management.

2.3 Basis of consolidation

This condensed consolidated interim financial information incorporates the financial statements of the Bank and its subsidiaries (collectively referred to as the "Group").

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the condensed consolidated interim financial information from the date that control commences until the date that control ceases.

2. Summary of material accounting policies (continued)

2.3 Basis of consolidation (continued)

The following is the list of subsidiaries of the Bank as at March 31, 2024:

Name of subsidiary	Ownership interest	Incorporation Year	Incorporation Country	Principal activities
ADCB Securities LLC	100%	2005	UAE	Agent in trading of financial instruments and stocks.
Kinetic Infrastructure Development LLC	100%	2006	UAE	Financial investments.
Abu Dhabi Commercial Property Development LLC (1)	100%	2006	UAE	Property development.
Abu Dhabi Commercial Engineering Services LLC	100%	2007	UAE	Engineering services.
ADCB Finance (Cayman) Limited	100%	2008	Cayman Islands	Treasury financing activities.
ADCB Markets (Cayman) Limited	100%	2008	Cayman Islands	Treasury related activities.
ACB LTIP (IOM) Limited	Controlling Interest	2008	Isle of Man	Trust activities.
Abu Dhabi Commercial Bank (UK Representative Office) Limited (2)	100%	2008	United Kingdom	UK representative office and process service agent.
ITMAM Services FZ LLC	100%	2010	UAE	Transaction processing and back-office support for the Group.
AD NAC Ventures WLL	99.75%	2012	Bahrain	Trust activities.
ITMAM Services LLC	100%	2013	UAE	Transaction processing and back-office support for the Group.
ADCB Asset Management Limited	100%	2018	UAE	Wealth management and private banking.
Al Wifaq Investment Properties PrJSC	90.08%	2006	UAE	Investment in real estate properties and earning rental income.
Abu Dhabi Commercial Bank – Egypt SAE (formerly known as Union National bank – Egypt SAE)	99.90%	1981	Egypt	Commercial banking services.
Al Hilal Bank PJSC	100%	2007	UAE	Islamic banking activities.
Al Hilal Islamic Bank JSC	100%	2010	Kazakhstan	Islamic banking activities.
Al Hilal Leasing LLP	100%	2011	Kazakhstan	Shari'ah compliant leasing operations.
AHB Sukuk Company Limited	Controlling Interest	2011	Cayman Islands	Treasury financing activities.
Al Hur 1 Holding Limited	100%	2022	UAE	Real estate investment activities.
Al Hur 2 Holding Limited	100%	2022	UAE	Real estate investment activities.
ADCB Sukuk Company Limited	Controlling Interest	2023	Cayman Islands	Treasury financing activities.
Meedaf Investment - Sole Proprietorship LLC	100%	2023	UAE	Enterprise and service support.

(1) dormant
(2) under liquidation

The Group does not have any subsidiary with material non-controlling interests.

Funds under management

The Bank manages and administers assets held in unit trusts on behalf of investors. The financial statements of these entities are not included in the condensed consolidated interim financial information except when the Bank controls the entity, as mentioned above.

Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in condensed consolidated interim income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value when control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

2. Summary of material accounting policies (continued)

2.3 Basis of consolidation (continued)

Transactions eliminated on consolidation

All intragroup balances, income, expenses and cash flows resulting from intragroup transactions are eliminated on consolidation.

Investment in associates

Associates are those entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The condensed consolidated interim financial information includes the Group's share of the profit or loss and other comprehensive income of investment in associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

Joint operation – when the Group has rights to the assets and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates.

3. Taxation

On December 9, 2022, the United Arab Emirates (UAE) Ministry of Finance (MoF) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after June 1, 2023. As the Group's accounting year ends on December 31, the first tax period will be the period from January 1, 2024 to December 31, 2024, with the respective tax return to be filed on or before September 30, 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. It is not currently foreseen that the Group's UAE operations will be subject to the application of the Global Minimum Tax rate of 15% in financial year 2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by countries where the Group operates and the enactment of Pillar Two rules by the UAE MoF.

3. Taxation (continued)

The tax charge through income statement for the three month period ended March 31, 2024 is AED 292,091 thousand (for the three month period ended March 31, 2023: AED 55,397 thousand), representing an Effective Tax Rate ("ETR") of 12.02% (March 31, 2023: 2.86%). The delta in the ETR year-on-year is due to the application of the new CT regime in the UAE. The ETR incorporates tax rates of the UAE as well as other international jurisdictions where the Group operates.

4. Cash and balances with central banks, net

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Cash on hand	**3,246,825**	2,259,177
Balances with central banks(*)	**9,389,726**	20,679,681
Reserves maintained with central banks	**21,469,282**	20,808,366
Certificate of deposits with central banks	**2,259,668**	1,628,507
Gross cash and balances with central banks	**36,365,501**	45,375,731
Less: Allowance for impairment (Note 10)	**(175)**	(269)
Total cash and balances with central banks, net	**36,365,326**	45,375,462
The geographical concentration is as follows:		
Within the UAE	**34,831,242**	42,706,619
Outside the UAE	**1,534,259**	2,669,112
	36,365,501	45,375,731
Less: Allowance for impairment (Note 10)	**(175)**	(269)
	36,365,326	45,375,462

(*) includes overnight deposit amounting to AED 8,100,000 thousand placed with CBUAE at 5.40% p.a. (December 31, 2023 – AED 19,600,000 thousand placed with CBUAE at 5.40% p.a.)

Reserves maintained with central banks represent deposits with central banks at stipulated percentages of its demand, savings, time, and other deposits. As per CBUAE regulations, subject to meeting reserve requirements over 14 days period, the Bank is allowed to draw their balances held in reserve account maintained with CBUAE. These reserves are available for day-to-day operations only under certain specified conditions.

5. Deposits and balances due from banks, net

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Nostro balances	**5,358,218**	4,214,193
Margin deposits	**3,538,814**	2,973,069
Time deposits	**5,145,699**	2,047,128
Reverse repo placements	**2,541,488**	-
Wakala placements	**363,627**	200,000
Loans and advances to banks	**28,641,845**	28,315,981
Gross deposits and balances due from banks	**45,589,691**	37,750,371
Less: Allowance for impairment (Note 10)	**(81,906)**	(125,677)
Total deposits and balances due from banks, net	**45,507,785**	37,624,694
The geographical concentration is as follows:		
Within the UAE	**2,787,936**	1,337,705
Outside the UAE	**42,801,755**	36,412,666
	45,589,691	37,750,371
Less: Allowance for impairment (Note 10)	**(81,906)**	(125,677)
	45,507,785	37,624,694

As at March 31,2024, the Group received as collateral bonds with fair value of AED 2,540,534 thousand (December 31, 2023 – AED nil) under the reverse repurchase agreement. The risks and rewards relating to the bonds pledged remains with the counterparty. The bonds received as collateral are governed under Global Master Repurchase Agreements (GMRA).

6. Financial assets at fair value through profit or loss

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Debt securities(*)	**2,337,258**	2,172,904
Structured funding arrangements	**8,142,652**	7,890,116
Total financial assets at fair value through profit or loss	**10,479,910**	10,063,020
The geographical concentration is as follows:		
Within the UAE	**1,520,747**	1,419,562
Outside the UAE	**8,959,163**	8,643,458
	10,479,910	10,063,020

(*) includes Islamic sukuk amounting to AED 92,177 thousand (December 31, 2023 – AED 119,139 thousand)

The Group entered into structured funding arrangements where funding was provided against certain reference assets received under the arrangement and held by the Group. The risk and rewards relating to these reference assets remain with the counterparty. As at March 31, 2024, the fair value of these reference assets amounted to AED 13,454,628 thousand (December 31, 2023 – AED 12,524,770 thousand), of this AED 2,638,090 thousand (December 31, 2023 – AED 5,641,405 thousand) were posted against Repo borrowings. Further, the Group also posted net cash collateral of AED 78,892 thousand (December 31, 2023 – posted net cash collateral of AED 91,832 thousand) against these structuring arrangements. The structuring arrangement and reference assets received are governed under International Swaps and Derivatives Association (ISDA) agreements.

Refer note 9 for loans and advances at fair value through profit or loss.

7. Derivative financial instruments

The table below shows the positive (assets) and negative (liabilities) fair values of derivative financial instruments.

	Fair values		
	Assets AED'000	Liabilities AED'000	Notional AED'000
As at March 31, 2024 (unaudited)			
Derivatives held or issued for trading			
Foreign exchange derivatives	**1,182,848**	**1,063,903**	**263,664,755**
Interest rate and cross currency swaps	**7,992,969**	**7,649,608**	**234,072,968**
Interest rate and commodity options	**710,415**	**965,278**	**52,372,561**
Futures (exchange traded)	**541**	**1,975**	**47,830,173**
Commodity and energy swaps	**651,203**	**609,042**	**11,028,116**
Swaptions	**668,323**	**220,086**	**50,538,882**
Total derivatives held or issued for trading	**11,206,299**	**10,509,892**	**659,507,455**
Derivatives held as fair value hedges			
Interest rate and cross currency swaps	**4,091,641**	**8,100,440**	**140,512,230**
Derivatives held as cash flow hedges			
Interest rate and cross currency swaps	**623,850**	**41,897**	**15,095,708**
Forward foreign exchange contracts	**29,379**	**34,593**	**6,704,697**
Total derivatives held as cash flow hedges	**653,229**	**76,490**	**21,800,405**
Derivatives held as net investment hedges			
Foreign exchange derivatives	**32,289**	**-**	**265,337**
Total derivative financial instruments	**15,983,458**	**18,686,822**	**822,085,427**
As at December 31, 2023 (audited)			
Derivatives held or issued for trading			
Foreign exchange derivatives	1,183,151	1,254,948	226,282,755
Interest rate and cross currency swaps	6,938,360	6,587,817	209,574,396
Interest rate and commodity options	723,785	965,799	58,018,472
Futures (exchange traded)	7,804	4,257	716,235
Commodity and energy swaps	300,863	263,146	9,333,117
Swaptions	621,643	287,343	50,416,455
Total derivatives held or issued for trading	9,775,606	9,363,310	554,341,430
Derivatives held as fair value hedges			
Interest rate and cross currency swaps	3,399,870	6,842,731	134,081,627
Derivatives held as cash flow hedges			
Interest rate and cross currency swaps	526,068	15,301	9,912,565
Forward foreign exchange contracts	128,881	4,000	6,544,206
Total derivatives held as cash flow hedges	654,949	19,301	16,456,771
Derivatives held as net investment hedges			
Foreign exchange derivatives	28,661	14,153	729,057
Total derivative financial instruments	13,859,086	16,239,495	705,608,885

The notional amounts indicate the volume of transactions and are neither indicative of the market risk nor credit risk. The net hedge ineffectiveness losses relating to the fair value and cash flow hedges amounting to AED 7,250 thousand (for the three month period ended March 31, 2023 – net losses of AED 505 thousand) has been recognised in the condensed consolidated interim income statement.

As at March 31, 2024, the Group received cash collateral of AED 4,939,733 thousand (December 31, 2023 – AED 4,186,029 thousand) and bonds with fair value of AED 2,321,579 thousand (December 31, 2023 – AED 1,624,559 thousand) against net positive derivative exposure.

7. Derivative financial instruments (continued)

As at March 31, 2024, the Group placed cash collateral of AED 3,518,763 thousand (December 31, 2023 – AED 2,648,597 thousand) and bonds with fair value of AED 4,559,547 thousand (December 31, 2023 – AED 4,453,765 thousand) against net negative derivative exposure.

These collaterals are governed by collateral service agreements under International Swaps and Derivatives Association (ISDA) agreements.

8. Investment securities, net

	UAE AED'000	Other GCC(*) countries AED'000	Rest of the world AED'000	Total AED'000
As at March 31, 2024 (unaudited)				
At fair value through other comprehensive income (FVTOCI)				
Quoted:				
Government securities	9,716,803	6,186,391	11,368,992	27,272,186
Bonds – Public sector	4,387,424	1,788,375	1,238,992	7,414,791
Bonds – Banks and financial institutions	633,572	278,897	451,251	1,363,720
Bonds – Corporate	930,161	232,092	365,234	1,527,487
Equities and funds(**)	605,341	34,647	104,982	744,970
Total quoted	16,273,301	8,520,402	13,529,451	38,323,154
Unquoted:				
Equities and funds	76,849	1,354	27,790	105,993
Total investment securities at fair value through other comprehensive income	16,350,150	8,521,756	13,557,241	38,429,147
At amortised cost				
Quoted:				
Government securities	15,317,886	14,981,362	29,384,988	59,684,236
Bonds – Public sector	8,461,506	2,102,550	7,568,295	18,132,351
Bonds – Banks and financial institutions	1,613,216	1,609,162	7,479,309	10,701,687
Bonds – Corporate	2,646,984	622,533	2,185,827	5,455,344
Total quoted	28,039,592	19,315,607	46,618,419	93,973,618
Less: Allowance for impairment (Note 10)	(5,402)	(2,556)	(11,161)	(19,119)
Total investment securities at amortised cost	28,034,190	19,313,051	46,607,258	93,954,499
Total investment securities, net	44,384,340	27,834,807	60,164,499	132,383,646

(*) Gulf Cooperation Council
(**) includes investments in perpetual bonds

8. Investment securities, net (continued)

	UAE AED'000	Other GCC(*) countries AED'000	Rest of the world AED'000	Total AED'000
As at December 31, 2023 (audited)				
At fair value through other comprehensive income (FVTOCI)				
Quoted:				
Government securities	10,053,546	6,436,648	12,279,218	28,769,412
Bonds – Public sector	4,560,797	2,076,409	1,442,471	8,079,677
Bonds – Banks and financial institutions	1,422,505	256,424	450,107	2,129,036
Bonds – Corporate	672,288	341,956	534,593	1,548,837
Equities and funds(**)	591,303	34,464	158,351	784,118
Total quoted	17,300,439	9,145,901	14,864,740	41,311,080
Unquoted:				
Equities and funds	76,852	1,355	32,081	110,288
Total investment securities at fair value through other comprehensive income	17,377,291	9,147,256	14,896,821	41,421,368
At amortised cost				
Quoted:				
Government securities	12,409,634	14,724,527	27,809,084	54,943,245
Bonds – Public sector	8,033,464	1,721,440	7,044,517	16,799,421
Bonds – Banks and financial institutions	1,537,803	1,257,209	7,083,282	9,878,294
Bonds – Corporate	2,645,851	519,273	2,084,410	5,249,534
Total quoted	24,626,752	18,222,449	44,021,293	86,870,494
Less: Allowance for impairment (Note 10)	(6,917)	(2,877)	(13,671)	(23,465)
Total investment securities at amortised cost	24,619,835	18,219,572	44,007,622	86,847,029
Total investment securities, net	41,997,126	27,366,828	58,904,443	128,268,397

(*) Gulf Cooperation Council
(**) includes investments in perpetual bonds

Islamic investing assets included in the above table are as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
At fair value through other comprehensive income (FVTOCI)		
Sukuk investments	**6,749,142**	7,278,314
Equities	**124,423**	123,560
	6,873,565	7,401,874
At amortised cost		
Sukuk investments	**7,176,030**	6,088,771
Less: Allowance for impairment	**(4,020)**	(5,278)
	7,172,010	6,083,493
Net Islamic investing assets	**14,045,575**	13,485,367

As at March 31, 2024, the allowance for impairment on debt instruments designated at FVTOCI amounting to AED 50,754 thousand (December 31, 2023 – AED 53,981 thousand) (Note 10) is included in revaluation reserve of investments carried at FVTOCI.

8. Investment securities, net (continued)

The Group hedges certain fixed and floating rate investments securities amounting to AED 76,082,610 thousand (December 31, 2023 – AED 74,845,997 thousand) for interest rate and foreign currency risks through interest rate and currency swaps and designates these as fair value and cash flow hedges. The net positive fair value of these swaps as at March 31, 2024 was AED 4,329,694 thousand (December 31, 2023 – net positive fair value AED 2,757,908 thousand). The hedge ineffectiveness gains and losses relating to these hedges were included in the condensed consolidated interim income statement.

The Group entered into repurchase agreements whereby bonds were pledged and held by counterparties as collateral. The risks and rewards relating to the investments pledged remains with the Group. The bonds placed as collateral are governed under Global Master Repurchase Agreements (GMRA). The following table reflects the carrying value of these bonds and the associated financial liabilities:

	As at March 31, 2024 (unaudited)		As at December 31, 2023 (audited)	
	Carrying value of pledged securities(*) AED'000	**Carrying value of associated liabilities AED'000**	Carrying value of pledged securities(*) AED'000	Carrying value of associated liabilities AED'000
Repurchase financing	**37,944,589**	**34,995,176**	39,291,225	34,887,375

(*) includes securities of AED 2,638,090 thousand (December 31, 2023 – AED 5,641,405 thousand) received as collateral by the Group (Note 6)

Further, the Group pledged investment securities with fair value amounting to AED 4,716,584 thousand (December 31, 2023 – AED 4,558,235 thousand) as collateral against margin calls. The risks and rewards on these pledged investments securities remains with the Group.

9. Loans and advances to customers, net

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Overdrafts (retail and corporate)	**15,964,351**	15,594,536
Retail loans – mortgages	**17,053,893**	16,075,151
Retail loans – others	**39,393,266**	37,907,671
Corporate loans	**225,475,211**	210,534,372
Credit cards	**5,174,925**	5,111,888
Other facilities	**22,871,708**	24,209,885
Gross loans and advances to customers at amortised cost	**325,933,354**	309,433,503
Less: Allowance for impairment (Note 10)	**(11,072,881)**	(10,688,842)
Total loans and advances to customers at amortised cost, net	**314,860,473**	298,744,661
Loans and advances to customers mandatorily measured at FVTPL	**3,298,067**	3,249,938
Total loans and advances to customers, net	**318,158,540**	301,994,599

9. Loans and advances to customers, net (continued)

Islamic financing assets included in the above table are as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Murabaha	**28,478,154**	27,428,630
Ijara financing	**13,237,225**	13,564,254
Salam	**418,242**	436,063
Others	**790,718**	673,992
Gross Islamic financing assets	**42,924,339**	42,102,939
Less: Allowance for impairment	**(2,071,119)**	(2,080,769)
Net Islamic financing assets	**40,853,220**	40,022,170

The Group hedges certain fixed and floating rate loans and advances amounting to AED 11,133,199 thousand (December 31, 2023 – AED 4,810,969 thousand) for interest rate and foreign currency risk using interest rate and currency swaps and designates these swaps as fair value and cash flow hedges, respectively. The net negative fair value of these swaps as at March 31, 2024 was AED 25,785 thousand (December 31, 2023 – net negative fair value of AED 4,057 thousand).

The economic activity sector composition of the loans and advances to customers is as follows:

	As at March 31, 2024 (unaudited)			As at December 31, 2023 (audited)		
	Within the UAE AED'000	**Outside the UAE AED'000**	**Total AED'000**	Within the UAE AED'000	Outside the UAE AED'000	Total AED'000
Economic activity sector						
Agriculture	**198,223**	**128,357**	**326,580**	168,950	155,880	324,830
Energy	**1,070,083**	**13,729,415**	**14,799,498**	844,387	14,829,569	15,673,956
Trading	**11,850,313**	**11,702,602**	**23,552,915**	11,820,768	11,192,465	23,013,233
Real estate investment	**51,885,369**	**1,675,115**	**53,560,484**	51,965,652	1,891,605	53,857,257
Hospitality	**7,848,803**	**444,039**	**8,292,842**	8,229,044	444,039	8,673,083
Transport and communication	**2,184,497**	**5,430,413**	**7,614,910**	2,308,976	3,491,711	5,800,687
Personal	**65,588,605**	**861,148**	**66,449,753**	63,083,264	1,118,892	64,202,156
Government and public sector entities	**80,264,104**	**9,312,483**	**89,576,587**	73,549,548	5,245,487	78,795,035
Financial institutions(*)	**13,101,783**	**12,992,661**	**26,094,444**	12,783,943	12,478,213	25,262,156
Manufacturing	**4,603,671**	**5,038,067**	**9,641,738**	4,854,119	5,866,006	10,720,125
Services(**)	**8,806,214**	**531,055**	**9,337,269**	8,562,194	385,768	8,947,962
Others	**15,823,285**	**4,161,116**	**19,984,401**	13,811,101	3,601,860	17,412,961
Gross loans and advances to customers	**263,224,950**	**66,006,471**	**329,231,421**	251,981,946	60,701,495	312,683,441
Less: Allowance for impairment (Note 10)			**(11,072,881)**			(10,688,842)
Total loans and advances to customers, net			**318,158,540**			301,994,599

(*) includes investment companies
(**) includes loans and advances to customers mandatorily measured at FVTPL

9. Loans and advances to customers, net (continued)

Stage wise loans and advances to customers at amortised cost and associated impairment allowance is as follows:

	As at March 31, 2024 (unaudited)		As at December 31, 2023 (audited)	
	Gross loans and advances to customers AED'000	**Allowance for impairment AED'000**	Gross loans and advances to customers AED'000	Allowance for impairment AED'000
Stage 1	**296,809,847**	**2,132,666**	280,397,613	1,908,231
Stage 2	**18,789,017**	**3,742,908**	17,966,876	3,486,925
Stage 3	**9,026,786**	**4,718,724**	9,486,051	4,784,708
Purchased or originated credit-impaired	**1,307,704**	**478,583**	1,582,963	508,978
Total	**325,933,354**	**11,072,881**	309,433,503	10,688,842

10. Impairment allowances

The movement in impairment allowances is as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Opening balance	**11,433,990**	12,423,116
Charge for the period/year	**864,481**	3,793,069
Recoveries/modifications during the period/year	**(123,871)**	(315,951)
Net charge for the period/year	**740,610**	3,477,118
Adjustments to gross carrying value for the period/year	**2,552**	95,198
Net amounts written-off during the period/year	**(384,876)**	(4,524,971)
Impact of currency translation	**(65,049)**	(36,471)
Total impairment allowances	**11,727,227**	11,433,990

Allocation of impairment allowances is as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Balances with central banks (Note 4)	**175**	269
Deposits and balances due from banks (Note 5)	**81,906**	125,677
Investment securities at amortised cost (Note 8)	**19,119**	23,465
Investment securities designated at FVTOCI (Note 8)(*)	**50,754**	53,981
Loans and advances to customers (Note 9)	**11,072,881**	10,688,842
Other assets (Note 12)	**15,776**	17,720
Letters of credit, guarantees and other commitments (Note 17)	**486,616**	524,036
Total impairment allowances	**11,727,227**	11,433,990

(*) recognised under "Revaluation reserve of investments designated at FVTOCI"

11. Investment properties

	AED'000
As at January 1, 2023	1,691,890
Additions during the year	5,785
Disposals during the year	(247)
Revaluation of investment properties	46,386
Impact of currency translation	(2,354)
As at December 31, 2023 (audited)	1,741,460
Disposal during the period	**(33,108)**
Impact of currency translation	**(3,237)**
As at March 31, 2024 (unaudited)	**1,705,115**

Fair valuations

Valuations are carried out annually by registered independent valuers having an appropriate recognised professional qualification and experience in the location and category of the property being valued. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

The valuation methodologies considered by external valuers include:

- Direct comparable method: This method seeks to determine the value of the property from transactions of comparable properties in the vicinity applying adjustments to reflect differences to the subject property.
- Investment method: This method is used to assess the value of the property by capitalising the net operating income of the property at an appropriate yield an investor would expect for an investment of the duration of the interest being valued.

Investment properties of the Group are primarily located within the UAE.

12. Other assets, net

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Interest receivable	**4,778,820**	4,542,779
Prepayments	**192,329**	130,557
Acceptances (Note 17)	**17,994,903**	13,202,764
Others	**1,692,363**	1,101,978
Gross other assets	**24,658,415**	18,978,078
Less: Allowance for impairment (Note 10)	**(15,776)**	(17,720)
Total other assets, net	**24,642,639**	18,960,358

13. Due to banks

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Vostro balances	**2,883,250**	1,989,085
Margin deposits	**5,056,753**	4,428,478
Time deposits	**2,378,400**	2,377,405
Total due to banks	**10,318,403**	8,794,968

14. Deposits from customers

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Time deposits	**203,761,572**	195,251,700
Current account deposits	**148,801,208**	137,448,035
Savings deposits	**28,638,076**	27,497,278
Long term government deposits	**215,054**	280,417
Margin deposits	**2,279,480**	2,427,609
Total deposits from customers	**383,695,390**	362,905,039

Islamic deposits included in the above table are as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Current account deposits	**18,684,671**	16,419,267
Margin deposits	**174,893**	200,115
Mudaraba savings deposits(*)	**17,967,788**	17,433,920
Mudaraba term deposits	**748,460**	792,424
Murabaha term deposits	**1,461,288**	2,180,907
Wakala deposits	**20,629,249**	20,429,772
Total Islamic deposits	**59,666,349**	57,456,405

(*) includes AED 16,201 thousand pertaining to investment risk reserve (IRR) (December 31, 2023 – AED 16,978 thousand)

The Group hedges customer deposits amounting to AED 31,395,101 thousand (December 31, 2023 – AED 27,924,885 thousand) for foreign currency and interest rate risks using foreign exchange and interest rate swaps and designates these swaps as either cash flow or fair value hedges. The net negative fair value of these swaps as at March 31, 2024 was AED 56,693 thousand (December 31, 2023 – net positive fair value of AED 19,056 thousand).

15. Euro commercial paper

The details of euro commercial paper ("ECP") issuances under the Bank's ECP programme are as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Currency (CCY)		
US dollar (USD)	**3,160,326**	3,728,810
Euro (EUR)	**975,566**	1,362,606
Great Britain pound (GBP)	**1,038,362**	2,686,239
Total euro commercial paper	**5,174,254**	7,777,655

The Group hedges euro commercial paper amounting to AED 2,013,928 thousand (December 31, 2023 – AED 4,048,844 thousand) for foreign currency using foreign exchange swaps and designates these swaps as cash flow hedges. The net positive fair value of these hedge contracts as at March 31, 2024 was AED 15,612 thousand (December 31, 2023 – net positive fair value of AED 108,246 thousand).

The effective interest rate on zero coupon ECPs ranges between 3.98% p.a. to 6.03% p.a. (December 31, 2023 – between 3.91% p.a. to 6.14% p.a.).

16. Borrowings

The details of borrowings as at March 31, 2024 (unaudited) are as follows:

Instrument	Currency (CCY)	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global medium term notes	Australian dollar (AUD)	-	476,072	354,341	134,760	965,173
	Chinese renminbi (CNH)	115,417	492,257	-	-	607,674
	Euro (EUR)	78,377	-	-	-	78,377
	Swiss franc (CHF)	1,042,378	-	-	400,725	1,443,103
	Hong Kong dollar (HKD)	72,666	70,197	-	-	142,863
	US dollar (USD)	3,397,941	1,910,299	9,131,448	16,457,924	30,897,612
	Great Britain pound (GBP)	182,194	-	-	-	182,194
	Indonesian rupiah (IDR)	-	-	-	461,330	461,330
		4,888,973	2,948,825	9,485,789	17,454,739	34,778,326
Bilateral loans	US dollar (USD)	616,779	2,120,401	1,647,359	-	4,384,539
	Kazakhstan tenge (KZT)	-	64,746	21,582	-	86,328
Certificate of deposits issued	Great Britain pound (GBP)	2,681,452	-	-	-	2,681,452
	US dollar (USD)	533,211	-	-	-	533,211
	Euro (EUR)	570,415	-	-	-	570,415
Borrowings through repurchase agreements	US dollar (USD)	28,030,699	6,961,644	-	-	34,992,343
	Egyptian pound (EGP)	-	-	-	2,833	2,833
Total borrowings		37,321,529	12,095,616	11,154,730	17,457,572	78,029,447

The Group hedges borrowings amounting to AED 40,258,452 thousand for foreign currency and interest rate risks using either interest rate or cross currency swaps and designates these swaps as either fair value or cash flow hedges. The net negative fair value of these swaps as at March 31, 2024 was AED 7,694,887 thousand.

16. Borrowings (continued)

The details of borrowings as at December 31, 2023 (audited) are as follows:

Instrument	Currency (CCY)	Within 1 year AED'000	1-3 years AED'000	3-5 years AED'000	Over 5 years AED'000	Total AED'000
Global medium term notes	Australian dollar (AUD)	-	-	868,091	140,883	1,008,974
	Chinese renminbi (CNH)	220,468	333,521	154,233	-	708,222
	Euro (EUR)	79,763	-	-	-	79,763
	Swiss franc (CHF)	1,558,795	-	-	-	1,558,795
	Hong Kong dollar (HKD)	72,268	70,263	-	-	142,531
	US dollar (USD)	2,792,254	2,633,544	6,047,621	19,897,712	31,371,131
	Great Britain pound (GBP)	181,759	-	-	-	181,759
	Indonesian rupiah (IDR)	-	-	-	475,867	475,867
		4,905,307	3,037,328	7,069,945	20,514,462	35,527,042
Bilateral loans	US dollar (USD)	616,467	733,243	3,031,082	-	4,380,792
	Kazakhstan tenge (KZT)	-	-	82,265	-	82,265
Certificate of deposits issued	Great Britain pound (GBP)	791,054	-	-	-	791,054
	US dollar (USD)	864,316	-	-	-	864,316
	Euro (EUR)	120,490	-	-	-	120,490
Borrowings through repurchase agreements	US dollar (USD)	32,205,548	2,677,410	-	-	34,882,958
	Egyptian pound (EGP)	-	-	-	4,417	4,417
Total borrowings		39,503,182	6,447,981	10,183,292	20,518,879	76,653,334

The Group hedges borrowings amounting to AED 37,471,801 thousand for foreign currency and interest rate risks using either interest rate or cross currency swaps and designates these swaps as either fair value or cash flow hedges. The net negative fair value of these swaps as at December 31, 2023, was AED 5,688,366 thousand.

16. Borrowings (continued)

Interest is payable in arrears and the contractual coupon rates or internal rate of return on zero coupon issuances as at March 31, 2024 (unaudited) are as follows:

Instrument	CCY	Within 1 year	1-3 years	3-5 years	Over 5 years
Global medium term notes	AUD	-	Fixed rate of 3.10% p.a. and quarterly coupons with 90 to 94 basis points over bank bill swap rate(BBSW).	Fixed rate of 4.50% p.a.	Fixed rate between 2.696% p.a. to 2.80% p.a.
	CNH	Fixed rate of 3.33% p.a.	Fixed rate between 3.20% p.a. to 3.415% p.a.	-	-
	EUR	Fixed rate of 0.75% p.a.	-	-	-
	CHF	Fixed rate between 0.05% p.a. to 0.51% p.a.	-	-	Fixed rate of 2.023% p.a.
	HKD	Fixed rate of 2.87% p.a.	Fixed rate of 1.34% p.a.	-	-
	USD	Quarterly coupons between 129 to 146 basis points over SOFR.	Fixed rate between 1.63% p.a. to 1.72% p.a. and quarterly coupon of 88 basis points over SOFR.	Fixed rate between 3.50% p.a. to 5.50% p.a. and quarterly coupons between 125 to 166 basis points over SOFR.	Fixed rate between 4.65% p.a. to 5.00% p.a., quarterly coupon of 140 basis points over SOFR. and zero coupon with an internal rate of return between 3.271% p.a. to 5.785% p.a.(*)
	GBP	Fixed rate of 0.95% p.a.	-	-	-
	IDR	-	-	-	Fixed rate between 7.50% p.a. to 8.16% p.a.
Bilateral loans	USD	Monthly coupon of 106 basis points over SOFR.	Monthly coupon of 68 basis point over SOFR and monthly coupon of 111 basis points over term SOFR.	Monthly coupon between 68 to 85 basis points over SOFR.	-
	KZT	-	Fixed rate of 9.50% p.a.	Fixed rate of 8.50% p.a.	-
Certificate of deposits issued	GBP	Zero coupon with an internal rate between 5.375% p.a. to 5.62% p.a.	-	-	-
	USD	Zero coupon with an internal rate between 5.44% p.a. to 5.98% p.a.	-	-	-
	EUR	Zero coupon with an internal rate between 4.00% p.a. to 4.21% p.a.	-	-	-
Borrowings through repurchase agreements	USD	Fixed rate between 5.30% p.a. to 5.83% p.a., quarterly coupons between 43 to 76 basis points over SOFR and coupons at maturity between 30 to 60 basis points over SOFR.	Monthly coupon of 68 basis points over SOFR, quarterly coupons between 64 to 65 basis points over SOFR and semi-annual coupons between negative 18 to 20 basis points over SOFR.	-	-
	EGP	-	-	-	Fixed rate between 0.50 % p.a. to 3.50 % p.a.

(*) includes AED 15,612,798 thousand accreting notes issued with original tenors ranging from 30 years to 40 years with internal rate of return ranging between 3.271% p.a. to 5.785% p.a. and are callable at the end of every 5th, 6th, 7th, or 10th year from issue date.

Refer note 8 for details of bonds pledged as collateral against borrowings through repurchase agreements. Further, the Group placed net cash collateral of AED 487,711 thousand (December 31, 2023 - AED 177,275 thousand) against margin calls.

17. Other liabilities

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Interest payable	**3,986,436**	3,136,679
Recognised liability for defined benefit obligation	**470,021**	467,429
Deferred income	**1,139,979**	1,120,442
Acceptances (Note 12)	**17,994,903**	13,202,764
Impairment allowance on letters of credit, guarantees and other commitments (Note 10)	**486,616**	524,036
Others(*)	**5,742,176**	5,119,177
Total other liabilities	**29,820,131**	23,570,527

(*) includes AED 124,676 thousand (December 31, 2023 – AED 168,031 thousand) pertaining to lease liability

18. Share capital

	Authorised	Issued and fully paid	
		As at March 31 2024 unaudited	As at December 31 2023 audited
	AED'000	AED'000	AED'000
Ordinary shares of AED 1 each	**10,000,000**	**7,319,947**	7,319,947

In the Annual General Meeting held on March 7, 2024, the shareholders of the Bank approved cash dividend of AED 4,099,170 thousand.

As at March 31, 2024, Mubadala Investment Company holds 60.20% (December 31, 2023 – 60.20%) of the Bank's issued and fully paid-up share capital through its wholly owned subsidiary One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC.

19. Other reserves (unaudited)

Reserves movement for the three month period ended March 31, 2024:

	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Cash flow hedge reserve AED'000	Revaluation reserve of investments designated at FVTOCI AED'000	Attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total AED'000
As at January 1, 2024	**(78,869)**	**3,659,974**	**5,871,637**	**2,000,000**	**150,000**	**(226,433)**	**301,783**	**(1,086,185)**	**10,591,907**	**(653)**	**10,591,254**
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(394,313)	-	-	(394,313)	(337)	(394,650)
Net gain on hedge of net investment in foreign operations	-	-	-	-	-	1,056	-	-	1,056	-	1,056
Net fair value changes on cash flow hedges	-	-	-	-	-	-	77,542	-	77,542	-	77,542
Net fair value changes on cash flow hedges reclassified to condensed consolidated interim income statement	-	-	-	-	-	-	14,241	-	14,241	-	14,241
Net fair value changes of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	(211,622)	(211,622)	19	(211,603)
Changes in allowance for expected credit losses on debt instrument designated at FVTOCI	-	-	-	-	-	-	-	(3,227)	(3,227)	-	(3,227)
Amounts reclassified to condensed consolidated interim income statement for debt instruments designated at FVTOCI	-	-	-	-	-	-	-	105,080	105,080	-	105,080
Related deferred tax impact on fair value movement of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	8,164	8,164	-	8,164
Net fair value changes of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	16,242	16,242	-	16,242
Related deferred tax impact on fair value movement of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	(1,430)	(1,430)	-	(1,430)
Amounts transferred within equity upon disposal of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	4,466	4,466	-	4,466
Related deferred tax impact on amounts transferred within equity upon disposal of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	(436)	(436)	-	(436)
Total other comprehensive (loss)/income for the period	-	-	-	-	-	(393,257)	91,783	(82,763)	(384,237)	(318)	(384,555)
Adjustment arising from changes in non-controlling interests		-	-	-	-	(65)	-	1	(64)	64	-
Shares – vested portion	17,052	-	-	-	-	-	-	-	17,052	-	17,052
As at March 31, 2024	**(61,817)**	**3,659,974**	**5,871,637**	**2,000,000**	**150,000**	**(619,755)**	**393,566**	**(1,168,947)**	**10,224,658**	**(907)**	**10,223,751**

19. **Other reserves** (unaudited) (continued)

Reserves movement for the three month period ended March 31, 2023:

	Employees' incentive plan shares, net AED'000	Statutory reserve AED'000	Legal reserve AED'000	General reserve AED'000	Contingency reserve AED'000	Foreign currency translation reserve AED'000	Cash flow hedge reserve AED'000	Revaluation reserve of investments designated at FVTOCI AED'000	Attributable to equity holders of the Bank AED'000	Non-controlling interests AED'000	Total AED'000
As at January 1, 2023	(68,824)	3,478,690	3,478,690	2,000,000	150,000	(184,449)	97,176	(1,404,540)	7,546,743	(481)	7,546,262
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(206,546)	-	-	(206,546)	(190)	(206,736)
Net gain on hedge of net investment in foreign operations	-	-	-	-	-	129,295	-	-	129,295	-	129,295
Net fair value changes on cash flow hedges	-	-	-	-	-	-	74,670	-	74,670	-	74,670
Net fair value changes on cash flow hedges reclassified to condensed consolidated interim income statement	-	-	-	-	-	-	28,390	-	28,390	-	28,390
Net fair value changes of debt instruments designated at FVTOCI	-	-	-	-	-	-	-	(107,902)	(107,902)	(18)	(107,920)
Changes in allowance for expected credit losses on debt instrument designated at FVTOCI	-	-	-	-	-	-	-	(10,282)	(10,282)	-	(10,282)
Amounts reclassified to condensed consolidated interim income statement for debt instruments designated at FVTOCI	-	-	-	-	-	-	-	(12,972)	(12,972)	-	(12,972)
Net fair value changes of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	(12,713)	(12,713)	-	(12,713)
Amounts transferred within equity upon disposal of equity instruments designated at FVTOCI	-	-	-	-	-	-	-	(304)	(304)	-	(304)
Total other comprehensive (loss)/income for the period	-	-	-	-	-	(77,251)	103,060	(144,173)	(118,364)	(208)	(118,572)
Dividends paid to equity holders of the Bank	-	-	2,211,663	-	-	-	-	-	2,211,663	-	2,211,663
Fair value adjustments	(4,490)	-	-	-	-	-	-	-	(4,490)	-	(4,490)
Shares – vested portion	6,810	-	-	-	-	-	-	-	6,810	-	6,810
As at March 31, 2023	(66,504)	3,478,690	5,690,353	2,000,000	150,000	(261,700)	200,236	(1,548,713)	9,642,362	(689)	9,641,673

20. Capital notes

Additional Tier I capital notes (the "Capital Notes") are non-cumulative perpetual securities for which there is no fixed redemption date. These Capital Notes are direct, unsecured, conditional, and subordinated obligations of the Bank and (i) rank pari passu without any preference among themselves; (ii) rank subordinate and junior to all senior obligations; (iii) rank pari passu with all pari passu obligations; and (iv) rank in priority only to all junior creditors.

In case the Bank at its sole discretion elects not to make a coupon payment, the holders of the Capital Notes do not have a right to claim the coupon and an election by the Bank not to service the coupon is not considered an event of default. In addition, there are certain circumstances ("non-payment event") under which the Bank is prohibited from making a coupon payment on a relevant coupon payment date. Further, if the CBUAE notifies the Bank that it is, or will become, non-viable without (i) a write-down; or (ii) a public sector injection of capital, the rights of the holders of the Capital Notes under the Capital Notes shall automatically be deemed to be irrevocably, unconditionally and permanently written-down in a proportion corresponding to the write-down amount determined by the CBUAE. This could result in Capital Notes being written down to zero and the Capital Notes being cancelled.

If the Bank makes a non-payment election or a non-payment event occurs, then the Bank will not (a) declare or pay any distribution or dividend or (b) redeem, purchase, cancel, reduce or otherwise acquire any of the share capital or any securities of the Bank ranking pari passu with or junior to the Capital Notes except notes, the term of which stipulate a mandatory redemption or conversion into equity, in each case unless or until one coupon payment has been paid in full.

The following table shows issuances of Capital Notes by the Bank:

Issuance	Currency	Interest rate	First call date	**As at March 31 2024 unaudited AED'000**	As at December 31 2023 audited AED'000
Government of Abu Dhabi AT1 Capital Notes	AED	Floating interest rate of 6 month-EIBOR plus 2.30% p.a. payable on semi-annual basis.	February 23, 2027(*)	**6,000,000**	6,000,000
USD 750,000,000 AT1 Capital Notes	USD	Fixed rate of 8.00% p.a. from issue date but excluding the first reset date (May 27, 2029)(**) payable on semi-annual basis.	November 27, 2028(*)	**2,754,750**	2,754,750
				8,754,750	8,754,750

(*) Call option is subject to prior approval of UAE Central Bank
(**) If the Capital Notes are not redeemed in accordance with the Conditions on or prior to the first reset date, interest shall continue to be payable from (and including) the first reset date subject to and in accordance with the Conditions at a fixed rate, to be reset on the first reset date and every five years thereafter, equal to relevant five-year reset rate (as defined in the Conditions) plus a margin of 3.524% p.a.

21. Interest income (unaudited)

	3 months ended March 31	
	2024 AED'000	2023 AED'000
Loans and advances to banks	**917,246**	593,757
Loans and advances to customers	**4,773,042**	3,630,992
Investment securities	**1,671,778**	1,162,372
Total interest income	**7,362,066**	5,387,121

22. Interest expense (unaudited)

	3 months ended March 31	
	2024 **AED'000**	2023 AED'000
Deposits from banks	**105,941**	73,936
Deposits from customers	**3,089,189**	1,911,668
Euro commercial paper	**89,482**	84,500
Borrowings(*)	**1,301,068**	994,382
Total interest expense	**4,585,680**	3,064,486

(*) includes AED 2,862 thousand (for the three month period ended March 31, 2023 - AED 1,592 thousand) for interest expense on lease liabilities

23. Net fees and commission income (unaudited)

	3 months ended March 31	
	2024 **AED'000**	2023 AED'000
Fees and commission income		
Card related fees	**378,301**	294,206
Loan processing fees	**249,535**	172,734
Accounts related fees	**87,231**	59,012
Trade finance commission	**164,177**	148,336
Asset management and investment services	**50,537**	28,229
Others	**226,760**	185,007
Total fees and commission income	**1,156,541**	887,524
Fees and commission expense		
Card related fees	**(232,077)**	(177,978)
Loan processing fees	**(22,267)**	(15,725)
Trade finance commission	**(8,975)**	(5,094)
Others	**(190,340)**	(156,132)
Total fees and commission expense	**(453,659)**	(354,929)
Net fees and commission income	**702,882**	532,595

24. Net trading income (unaudited)

	3 months ended March 31	
	2024 **AED'000**	2023 AED'000
Net gain from dealing in derivatives	**42,893**	89,404
Net gain from dealing in foreign currencies	**171,298**	187,220
Net gain from financial assets at fair value through profit or loss	**309,536**	178,820
Net trading income	**523,727**	455,444

25. Other operating income (unaudited)

	3 months ended March 31	
	2024 **AED'000**	2023 AED'000
Property management income	**4,192**	40,530
Rental income	**11,982**	20,409
Net (loss)/gain from disposal of investment securities	**(109,139)**	1,683
Net gain/(loss) from hedging derivatives	**126,997**	(10,758)
Dividend income	**8,338**	9,722
Others	**16,203**	11,059
Total other operating income	**58,573**	72,645

26. Operating expenses (unaudited)

	3 months ended March 31	
	2024	2023
	AED'000	AED'000
Staff expenses	**759,672**	683,300
General administrative expenses	**556,028**	427,092
Depreciation on property and equipment	**88,603**	97,456
Amortisation of intangible assets	**12,673**	23,339
Total operating expenses	**1,416,976**	1,231,187

27. Impairment charge (unaudited)

	3 months ended March 31	
	2024	2023
	AED'000	AED'000
Financial instruments carried at amortised cost – net charge(*)	**893,235**	895,235
Debt instruments designated at FVTOCI – net release	**(2,915)**	(10,728)
Commitment and contingent liabilities – net (release)/charge	**(25,839)**	11,952
Less: Recoveries/modifications during the period	**(123,871)**	(148,527)
Total impairment charge (Note 10)	**740,610**	747,932

(*) includes net release of AED 2,054 thousand (for the three month period ended March 31, 2023 – net release of AED 838 thousand) on investment securities at amortised cost

28. Earnings per share (unaudited)

Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Bank and the weighted average number of equity shares outstanding. Diluted earnings per share is calculated by adjusting the weighted average number of equity shares outstanding for the dilutive effects of potential equity shares held on account of employees' incentive plan.

	3 months ended March 31	
	2024	2023
	AED'000	AED'000
Profit for the period attributable to the equity holders of the Bank	**2,139,856**	1,878,976
Less: Coupons paid on capital notes (Note 20)	**(240,912)**	(173,740)
Net adjusted profit for the period attributable to the equity holders of the Bank (a)	**1,898,944**	1,705,236
	Number of shares in thousand	
Weighted average number of shares in issue throughout the period	**7,319,947**	6,957,379
Add: Number of shares issued on stock dividend during the period	**-**	362,568
Less: Weighted average number of shares resulting from employees' incentive plan shares	**(11,621)**	(10,088)
Weighted average number of equity shares in issue during the period for basic earnings per share (b)	**7,308,326**	7,309,859
Add: Weighted average number of shares resulting from employees' incentive plan shares	**11,621**	10,088
Weighted average number of equity shares in issue during the period for diluted earnings per share (c)	**7,319,947**	7,319,947
Basic earnings per share (AED) (a)/(b)	**0.26**	0.23
Diluted earnings per share (AED) (a)/(c)	**0.26**	0.23

29. Commitments and contingent liabilities

The Group has the following commitments and contingent liabilities:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Letters of credit	7,944,398	10,732,456
Guarantees	67,932,433	68,268,369
Commitments to extend credit – revocable(*)	19,391,573	19,075,003
Commitments to extend credit – irrevocable	44,139,084	46,026,541
Total commitments on behalf of customers	139,407,488	144,102,369
Commitments for future capital expenditure and others	576,231	577,653
Commitments to invest in investment securities	380,212	6,693
Total commitments and contingent liabilities	140,363,931	144,686,715

(*) includes AED 10,337,015 thousand (December 31, 2023 – AED 9,599,478 thousand) for undrawn credit card limits

30. Operating segments

The Group has five reportable segments as described below. These segments offer different products and services and are managed separately based on the Group's management and internal reporting structure. The Group's Management Executive Committee (the Chief Operating Decision Maker "CODM"), is responsible for allocation of resources to these segments, whereas, the Group's Performance Management Committee, based on delegation from CODM reviews the performance of these segments on a regular basis.

The following summary describes the operations in each of the Group's reportable segments:

Retail banking - comprises of retail products, wealth management, Islamic financing and investment in associates. It includes loans, deposits and other transactions and balances with retail customers.

Private banking - comprises of high net worth customers, asset management, brokerage, Islamic financing and investment in associates. It includes loans, deposits and other transactions and balances with corporate and private accounts of high net worth individuals and fund management activities.

Corporate and investment banking - comprises of business banking, cash management, trade finance, corporate finance, small and medium enterprise financing, investment banking, Islamic financing, infrastructure and asset finance, government and public enterprises. It includes loans, deposits and other transactions and balances with corporate customers. During the period, in line with Group's business strategy, some private banking clients have been transferred from private banking segment to corporate and investment banking segment. Accordingly, financial performance and results of these private banking customers have been reported under Corporate and investment banking segment for the current and prior period.

Investments and treasury - comprises of central treasury operations, management of the Group's investment portfolio and interest rate, currency and commodity derivative portfolio and Islamic financing. Investments and treasury undertakes the Group's funding and centralised financial risk management activities through borrowings, issue of debt securities and use of derivatives for risk management. It also undertakes trading and corporate finance activities and investing in liquid assets such as short-term placements, corporate and government debt securities.

Property management - comprises of engineering service operations of subsidiaries, real estate management income of associate and rental income earned from properties of the Group.

30. Operating segments (continued)

Information regarding the results of each reportable segment is shown below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Performance Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within these industries.

The following is an analysis of the Group's revenue and results by operating segments for the three month period ended March 31, 2024 (unaudited):

	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	**619,203**	**275,676**	**840,829**	**1,038,993**	**1,685**	**2,776,386**
Net income from Islamic financing and investing products	**328,588**	**24,113**	**124,680**	**47,323**	**-**	**524,704**
Total net interest income and income from Islamic financing and investing products	**947,791**	**299,789**	**965,509**	**1,086,316**	**1,685**	**3,301,090**
Non-interest income	**345,013**	**34,170**	**744,619**	**135,425**	**25,955**	**1,285,182**
Operating income	**1,292,804**	**333,959**	**1,710,128**	**1,221,741**	**27,640**	**4,586,272**
Operating expenses	**(837,065)**	**(62,214)**	**(438,860)**	**(55,080)**	**(23,757)**	**(1,416,976)**
Operating profit before impairment charge	**455,739**	**271,745**	**1,271,268**	**1,166,661**	**3,883**	**3,169,296**
Impairment (charge)/release	**(112,269)**	**(350,820)**	**(286,081)**	**8,560**	**-**	**(740,610)**
Profit/(loss) after impairment charge	**343,470**	**(79,075)**	**985,187**	**1,175,221**	**3,883**	**2,428,686**
Share in profit/(loss) of associates	**146**	**(2,675)**	**-**	**-**	**4,745**	**2,216**
Profit/(loss) before taxation	**343,616**	**(81,750)**	**985,187**	**1,175,221**	**8,628**	**2,430,902**
Income tax (charge)/release	**(71,103)**	**7,359**	**(99,059)**	**(128,963)**	**(325)**	**(292,091)**
Profit/(loss) for the period	**272,513**	**(74,391)**	**886,128**	**1,046,258**	**8,303**	**2,138,811**
As at March 31, 2024 (unaudited)						
Total assets	**68,334,488**	**48,070,330**	**272,949,532**	**203,106,017**	**1,944,639**	**594,405,006**
Total liabilities	**86,124,678**	**56,140,184**	**203,845,728**	**178,879,130**	**734,727**	**525,724,447**

30. Operating segments (continued)

The following is an analysis of the Group's revenue and results by operating segments for the three month period ended March 31, 2023 (unaudited):

	Retail banking AED'000	Private banking AED'000	Corporate and investment banking AED'000	Investments and treasury AED'000	Property management AED'000	Total AED'000
Net interest income	579,935	242,722	829,370	665,922	4,686	2,322,635
Net income from Islamic financing and investing products	281,818	12,054	84,195	150,624	-	528,691
Total net interest income and income from Islamic financing and investing products	861,753	254,776	913,565	816,546	4,686	2,851,326
Non-interest income	246,423	30,186	530,880	186,549	66,646	1,060,684
Operating income	1,108,176	284,962	1,444,445	1,003,095	71,332	3,912,010
Operating expenses	(707,693)	(51,153)	(373,164)	(54,988)	(44,189)	(1,231,187)
Operating profit before impairment charge	400,483	233,809	1,071,281	948,107	27,143	2,680,823
Impairment (charge)/release	(94,915)	(263,713)	(401,613)	12,309	-	(747,932)
Profit/(loss) after impairment charge	305,568	(29,904)	669,668	960,416	27,143	1,932,891
Share in profit/(loss) of associates	929	(94)	-	-	-	835
Profit/(loss) before taxation	306,497	(29,998)	669,668	960,416	27,143	1,933,726
Income tax provision release /(charge)	2,875	-	(19,320)	(38,952)	-	(55,397)
Profit/(loss) for the period	309,372	(29,998)	650,348	921,464	27,143	1,878,329
As at December 31, 2023 (audited)						
Total assets	63,849,934	47,341,202	254,141,609	199,991,043	1,870,697	567,194,485
Total liabilities	83,465,806	50,757,232	185,279,310	175,911,436	527,234	495,941,018

Other disclosures

The following is an analysis of the total operating income of each segment between income from external parties and inter-segment.

	External (unaudited)		**Inter-segment** (unaudited)	
	3 months ended March 31		**3 months ended March 31**	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000
Retail banking	**1,051,196**	918,811	**241,608**	189,365
Private banking	**388,003**	440,379	**(54,044)**	(155,417)
Corporate and investment banking	**3,123,001**	2,543,495	**(1,412,873)**	(1,099,050)
Investments and treasury	**(3,568)**	(54,368)	**1,225,309**	1,057,463
Property management	**27,640**	63,693	**-**	7,639
Total operating income	**4,586,272**	3,912,010	**-**	-

Geographical information

The Group operates in two principal geographic areas i.e. domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the UAE branches and subsidiaries. International area represents the operations of the Group that originates from its subsidiaries outside UAE. The information regarding the Group's revenue from continuing operations and non-current assets by geographical location are detailed as follows:

30. Operating segments (continued)

	Domestic (unaudited)		**International** (unaudited)	
	3 months ended March 31		**3 months ended March 31**	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000
Income				
Net interest income and income from Islamic financing and investing products	**3,102,158**	2,717,124	**198,932**	134,202
Non-interest income	**1,253,672**	1,040,429	**31,510**	20,255

	Domestic		**International**	
	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000	**As at March 31 2024 unaudited AED'000**	As at December 31 2023 audited AED'000
Non-current assets				
Investment in associates	**372,838**	370,622	**-**	-
Investment properties	**1,687,913**	1,720,818	**17,202**	20,642
Property and equipment, net	**1,626,148**	1,652,014	**166,450**	235,582
Intangible assets, net	**6,969,288**	6,981,961	**43,863**	67,230

31. Capital adequacy ratio

The Bank's capital adequacy ratio calculated in accordance with guidelines issued by the CBUAE is as below:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Common equity tier 1 (CET1) capital		
Share capital (Note 18)	**7,319,947**	7,319,947
Share premium	**17,878,882**	17,878,882
Other reserves (Note 19)	**11,061,856**	11,455,178
Retained earnings	**24,382,588**	26,602,908
Regulatory deductions and adjustments		
Intangible assets, net	**(7,013,151)**	(7,049,191)
Cash flow hedge reserve (Note 19)	**198,294**	116,742
Employee's incentive plan shares, net (Note 19)	**(61,817)**	(78,869)
Revaluation reserve of investments designated at FVTOCI (Note 19)	**(1,168,947)**	(1,086,185)
Other deduction	**(466,449)**	(457,820)
Proposed cash dividend	**-**	(4,099,170)
Total CET1 capital	**52,131,203**	50,602,422
Additional tier 1 (AT1) capital		
Capital notes (Note 20)	**8,754,750**	8,754,750
Total AT1 capital	**8,754,750**	8,754,750
Total tier 1 capital	**60,885,953**	59,357,172
Tier 2 capital		
Eligible general provision	**4,534,625**	4,470,704
Total tier 2 capital	**4,534,625**	4,470,704
Total regulatory capital	**65,420,578**	63,827,876
Risk-weighted assets		
Credit risk	**362,770,033**	357,656,333
Market risk	**12,498,198**	13,436,625
Operational risk	**27,028,628**	22,334,610
Total risk-weighted assets	**402,296,859**	393,427,568
CET1 ratio	**12.96%**	12.86%
AT1 ratio	**2.17%**	2.23%
Tier 1 ratio	**15.13%**	15.09%
Tier 2 ratio	**1.13%**	1.13%
Capital adequacy ratio	**16.26%**	16.22%

32. Related party transactions

The Group enters into transactions with the parent and its related entities, associates, funds under management, directors, senior management and their related entities and the Government of Abu Dhabi (ultimate controlling party and its related entities) in the ordinary course of business at commercial interest and commission rates.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the directors, chief executive officer and his direct reports.

Transactions between the Bank and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

32. Related party transactions (continued)

Parent and ultimate controlling party

Mubadala Investment Company holds 60.20% (December 31, 2023 – 60.20%) of the Bank's issued and fully paid-up share capital through its wholly owned subsidiary One Hundred and Fourteenth Investment Company – Sole Proprietorship LLC (Note 18). The Government of Abu Dhabi owns 100% of Mubadala Investment Company and so the ultimate controlling party is the Government of Abu Dhabi.

For details of related party balances as at December 31, 2023, refer note 37 in the consolidated financial statements for the year ended December 31, 2023. For related party transactions for the three month ended March 31, 2023, refer note 32 in the condensed consolidated interim financial information for the period ended March 31, 2023. The related party balances as at March 31, 2024 and transactions for the three month period ended on that date are similar in nature and magnitude.

Related party balances and transactions of the Group included in the condensed consolidated interim statement of financial position and condensed consolidated interim income statement are as follows:

	Ultimate controlling party and its related parties AED'000	Directors and their related parties AED'000	Senior management personnel and their related parties AED'000	Associates and funds under management AED'000	Total AED'000
Balances as at March 31, 2024 (unaudited)					
Deposits and balances due from banks	38,199	-	-	-	38,199
Financial assets at fair value through profit or loss	526,771	-	-	-	526,771
Derivative financial instruments – assets	750,157	43,667	-	39	793,863
Investment securities	28,621,190	-	-	236,656	28,857,846
Loans and advances to customers(*)	65,974,130	4,534,953	28,219	3,844,887	74,382,189
Other assets	939,409	10,854	58	1,735	952,056
Due to banks	331,525	-	-	-	331,525
Derivative financial instruments – liabilities	1,612,167	41,684	-	-	1,653,851
Deposits from customers	107,659,863	790,048	80,987	1,495,370	110,026,268
Other liabilities	1,714,126	11,226	14,206	700	1,740,258
Capital notes	6,000,000	-	-	-	6,000,000
Commitments and contingent liabilities	33,264,338	65,347	3,515	456,763	33,789,963
Transactions for the three month period ended March 31, 2024 (unaudited)					
Interest income, Islamic financing income and non-interest income	1,087,267	61,714	316	24,686	1,173,983
Interest expense and Islamic profit distribution	1,322,089	5,257	180	13,630	1,341,156
Share in profit of associates	-	-	-	2,216	2,216
Coupons paid on capital notes	240,912	-	-	-	240,912

(*) includes secured loans which are collateralised by tangible assets, including but not limited to real estate, cash, vehicles, shares and bonds.

32. Related party transactions (continued)

Remuneration of senior management employees and Board of Directors fees and expenses for the three month period ended March 31, 2024 (unaudited) are as follows:

	AED'000
Short term benefits	**16,623**
Post-employment benefits	**913**
Variable pay benefits	**24,726**
Total remuneration	**42,262**
Board of Directors fees and expenses	**9,020**

In addition to the above, the key management personnel were granted long term deferred compensation including share based payments of AED 35,634 thousand.

33. Fair value hierarchy

Fair value measurements recognised in the condensed consolidated interim financial information

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Quoted market prices – Level 1

Financial instruments are classified as Level 1 if their values are observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions.

Valuation techniques using observable inputs – Level 2

Financial instruments classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuation based on observable inputs includes financial instruments such as swaps and forwards which are valued using market standard pricing techniques and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

The category includes derivative financial instruments such as over the counter (OTC) derivatives, commodity derivatives, foreign exchange spot and forward contracts, certain investment securities, financial assets at FVTPL, euro commercial paper and borrowings. Valuation of the derivative financial instruments is made through discounted cash flow method using the applicable yield curve for the duration of the instruments for non-optional derivatives and standard option pricing models such as Black-Scholes and other valuation models for derivatives with options.

The Group periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Group's financial instruments such as credit risk and funding costs. Therefore, the Group applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. Credit valuation adjustment is calculated by applying Monte-carlo simulation models.

33. Fair value hierarchy (continued)

Valuation techniques using observable inputs – Level 2 (continued)

Collateral and netting arrangements are taken into account where applicable. The Group applies credit value adjustments to all relevant OTC positions with the exception of positions settled through central clearing houses.

Funding value adjustment (FVA) reflects the impact of funding associated with collateralised and partly collateralised OTC positions. The Group calculates the FVA by applying estimated future funding costs to the expected future exposure that the Group will be required to fund as a result of the uncollateralised component of the OTC portfolio (i.e. the uncollateralised component of a collateralised portfolio and the entire uncollateralised portfolio).

Valuation techniques using significant unobservable inputs – Level 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market.

Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations, or other analytical techniques. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Financial instruments under this category mainly include private equity instruments, funds and loans and advances to customers mandatorily measured at FVTPL. The carrying values of these investments are adjusted as follows:

a) Private equity instruments – using the latest available net book value;
b) Funds – based on the net asset value provided by the fund manager; and
c) Loans and advances to customers mandatorily measured at FVTPL – using valuation provided by external consultants as per discounted cash flow methodology.

Investment properties are classified as Level 3 as their valuation incorporates significant unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Group's investment properties are rental income and capitalisation rates. Significant decrease in rental income, or increase in capitalisation rates, in isolation would result in a significant lower fair value measurement. Generally, a change in the assumption used for rental income should be accompanied by a change in the assumption for capitalisation rates in the same direction as increase in rental income raises the expectations of the seller to earn from the investment property. Therefore, the effects of these changes partially offset each other. Refer note 11 in respect of valuation methodology used for investment properties.

Except as detailed in the following table, the Management considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements do not materially differ from their fair values.

33. Fair value hierarchy (continued)

	Notes	Level 1 Quoted market prices AED'000	Level 2 Observable inputs AED'000	Level 3 Significant unobservable inputs AED'000	Total fair value AED'000	Carrying value AED'000
As at March 31, 2024 (unaudited)						
Assets at fair value						
Financial assets at fair value through profit or loss	6	**1,860,528**	**8,619,382**	**-**	**10,479,910**	**10,479,910**
Derivative financial instruments	7	**541**	**15,982,917**	**-**	**15,983,458**	**15,983,458**
Investment securities, net	8					
- At fair value through other comprehensive income		**37,311,453**	**1,011,701**	**105,993**	**38,429,147**	**38,429,147**
- At amortised cost		**91,473,920**	**125,584**	**-**	**91,599,504**	**93,954,499**
Loans and advances to customers mandatorily measured at FVTPL	9	**-**	**-**	**3,298,067**	**3,298,067**	**3,298,067**
Investment properties	11	**-**	**-**	**1,705,115**	**1,705,115**	**1,705,115**
Total		**130,646,442**	**25,739,584**	**5,109,175**	**161,495,201**	**163,850,196**
Liabilities at fair value						
Derivative financial instruments	7	**1,975**	**18,684,847**	**-**	**18,686,822**	**18,686,822**
Liabilities at amortised cost						
Euro commercial paper	15	**-**	**5,177,974**	**-**	**5,177,974**	**5,174,254**
Borrowings	16	**13,476,293**	**63,454,260**	**-**	**76,930,553**	**78,029,447**
Total		**13,478,268**	**87,317,081**	**-**	**100,795,349**	**101,890,523**
As at December 31, 2023 (audited)						
Assets at fair value						
Financial assets at fair value through profit or loss	6	1,419,562	8,643,458	-	10,063,020	10,063,020
Derivative financial instruments	7	7,804	13,851,282	-	13,859,086	13,859,086
Investment securities, net	8					
- At fair value through other comprehensive income		39,243,131	2,067,949	110,288	41,421,368	41,421,368
- At amortised cost		84,402,121	201,140	-	84,603,261	86,847,029
Loans and advances to customers mandatorily measured at FVTPL	9	-	-	3,249,938	3,249,938	3,249,938
Investment properties	11	-	-	1,741,460	1,741,460	1,741,460
Total		125,072,618	24,763,829	5,101,686	154,938,133	157,181,901
Liabilities at fair value						
Derivative financial instruments	7	4,257	16,235,238	-	16,239,495	16,239,495
Liabilities at amortised cost						
Euro commercial paper	15	-	7,786,619	-	7,786,619	7,777,655
Borrowings	16	11,496,614	63,328,708	-	74,825,322	76,653,334
Total		11,500,871	87,350,565	-	98,851,436	100,670,484

The Group's OTC derivatives in the trading book are classified as Level 2 as they are valued using inputs that can be observed in the market.

33. Fair value hierarchy (continued)

Reconciliation showing the movement in fair values of Level 3 investments designated at FVTOCI and loans and advances to customers mandatorily measured at FVTPL is as follows:

	As at March 31 2024 unaudited AED'000	As at December 31 2023 audited AED'000
Opening balance	**3,360,226**	3,258,157
Net additions during the period/year	**48,130**	145,978
Disposals including capital refunds during the period/year	**(373)**	(64,000)
Adjustment through other comprehensive income during the period/year	**(3,923)**	20,091
Closing balance	**3,404,060**	3,360,226

Net gain of AED 373 thousand (for the three month period ended March 31, 2023 – net gain of AED 304 thousand) was realised on disposal of Level 3 equity investments designated at FVTOCI and were transferred to retained earnings.

34. Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's condensed consolidated interim financial information if disposed unfavourably.